



**ARIZONA DEPARTMENT OF ECONOMIC SECURITY**

1789 W. Jefferson • P.O. Box 6123 • Phoenix, AZ 85005

Janet Napolitano  
Governor

David A. Berns  
Director

February 28, 2006

**WIA GUIDANCE LETTER # 02-06**

**SUBJECT: State Incentive Policy for Local Workforce Investment Areas (LWIAs) under the Workforce Investment Act for PY 2004**

**REFERENCES:** P.L. 105-220, §134(a)(2)(B)(iii) of the Workforce Investment Act of 1998(WIA); 20 CFR Part 652, §665.200(e)(1)(2)(3) dated August 11, 2000.

**BACKGROUND:** Each program year, the Governor's Council on Workforce Policy (GCWP) votes to set aside a portion of the Governor's discretionary funds for incentives for the state's LWIAs. For WIA Program Year 2004, the GCWP set aside \$350,000 for this purpose. There are two methods through which incentive funds are awarded:

**Method I:** The extent to which an LWIA exceeds its Title 1B negotiated levels of performance for the fifteen core measures, and the extent to which the state exceeds the two customer satisfaction measures.

**Awards: 30% x \$350,000 - \$105,000**

**Method II:** Demonstration that an LWIA has significantly enhanced its provision of WIA services through either  
(a) coordination efforts among WIA and non-WIA partner programs  
or  
(b) collaborative efforts with other LWIAs/LWIBs

**Awards: 70% x \$350,000 - \$245,000**

As in previous program years, the total PY 2004 incentive funds are being apportioned according to the breakout based on local area consensus. Due to a nationwide reduction in Federal funding, these have been decreased slightly.

The **PY 2004 Method I Incentive Awards Chart** (Attachment I) was utilized to demonstrate the five performance categories and their measures for Method I awards available to each LWIA. The chart explains how the determination is made for annual performance outcomes of each measure in PY 2004.

The **PY 2004 Performance Measure / Method I Incentive Awards** (Attachment II) is a matrix which identifies Met, Exceeded and Not Met goals for each negotiated performance measure as well as listing the funds awarded to each LWIA under the Method I criteria. The WIA Fiscal Unit will be forwarding budget pages to each of these LWIAs so that local contracts can be amended to reflect the awarded amounts.

## AWARDS PROCESS:

### METHOD I – PERFORMANCE ACHIEVEMENT (\$105,000 Total Potential Award)

Under WIA, there are five performance categories: Adult, Dislocated Worker, Older Youth, Younger Youth, and Customer Satisfaction. Each category is assigned 1/5 or \$21,000 of the total potential award of \$105,000. For the adult, dislocated worker, older youth, and younger youth core performance categories, an LWIA must first **meet** every measure within a given performance category to qualify for **any** incentive award for that category. This means an LWIA must achieve between 80% and 100% of its negotiated performance level for every measure in the category to qualify for an incentive award. Incentive funds will then be awarded to an LWIA based on the number of measures within the category that the LWIA **exceeds**. To exceed a performance level means the LWIA must have achieved over 100% of the negotiated level. The maximum award for which an LWIA is eligible is based on the same formula used by the state in allocating the PY 2004 Title IB formula funds with one exception. Local areas that received less than 3% of the state's total formula allocation are eligible for a minimum of 3% of the total Method I funds. Therefore, the cap on award funds for each local area is adjusted slightly to accommodate the 3% threshold for local areas receiving less than 3% of the formula funds.

The following example illustrates how the dollar amount of an award may be determined for the Adult performance category:

#### **Example:**

Within the Adult performance category, there are 4 performance measures: (1) Entered Employment, (2) Employment Retention, (3) Earnings Gain, and (4) Employment and Credential.

If an LWIA meets all four measures (i.e. actual outcomes are between 80% and 100% of the negotiated levels), and exceeds 1 measure out of the 4 Adult measures, the total incentive award is  $\frac{1}{4}$  (or 25%) x \$21,000% of Adjusted Formula Cap (AFC) for the LWIA.

Exceeding 2 of the 4 Adult measures:  $\frac{2}{4}$  (or 50%) x \$21,000 x % of AFC

Exceeding 3 of the 4 Adult measures:  $\frac{3}{4}$  (or 75%) x \$21,000 x % of AFC

Exceeding 4 of the 4 Adult measures:  $\frac{4}{4}$  (or 100%) x \$21,000 x % of AFC

**NOTE: For PY 2004, the state exceeded all state level performance measures. Since DOL has indicated that states would likely not receive additional technical assistance funds for implementing the new Common Measures, EMILE reporting, or WIA re-authorization, the \$21,000 potential award funds for customer satisfaction, as well as other unawarded funds, will be held in reserve by the state and used to provide assistance to LWIAs for these upcoming requirements.**

**METHOD II – PARTNERSHIP AND COLLABORATION**  
**(\$245,000 Total Potential Award)**

The **Method II Application** (Attachment III) for awarding of incentive funds to LWIAs for regional cooperation among local boards and for local coordination of One-Stop activities among partner agencies. Recent studies concerning the status of One-Stop integration in Arizona, underscore the importance of collaboration in transcending both fiscal and administrative barriers for the benefit of One-Stop customers overall. With this in mind, Method II Applications will be reviewed for evidence of re-orienting programs toward innovation, long-term planning, and the commitment of local boards and partner agencies toward full service integration.

**To receive consideration, completed Method II Applications must be submitted via e-mail to the DES Employment Administration/WIA Section by close of business Monday, April 17, 2006. Applications received after this date will not be considered for Method II awards.**

**Please e-mail completed applications to:**

[wgadzia@azdes.gov](mailto:wgadzia@azdes.gov)

All applications will be reviewed by an interagency team. Applicants will be notified of award results no later than Monday, May 08, 2006.

**ACTION REQUIRED:** Please ensure that this letter and its attachments are provided to appropriate staff. Contact your Quality Assurance Liaison at (602) 542-3957 if you have questions.

Sincerely,



Lela Alston  
WIA Section Manager  
Employment Administration

**Attachments:**

- I. PY 2004 Method I Incentive Awards Chart
- II. PY 2004 Performance Measure / Method I Incentive Awards
- III. Method II Application

**ATTACHMENT I**  
**WIA Guidance Letter # 02-06**

PY 2004 METHOD I INCENTIVE AWARDS CHART		
PERFORMANCE CATEGORY	TIME FRAME USED FOR COLLECTION OF DATA: BASIS OF ANNUAL REPORT FOR PY 2004	TOTAL INCENTIVE FUNDS ASSIGNED TO EACH PERFORMANCE CATEGORY
ADULTS		
Entered Employment	10/1/03 through 9/30/04	\$21,000
Employment Retention – 6 Months	4/1/03 through 3/31/04	
Earnings Change in 6 Months	4/1/03 through 3/31/04	
Employment + Credential	10/1/03 through 9/30/04	
DISLOCATED WORKERS		
Entered Employment	10/1/03 through 9/30/04	\$21,000
Employment Retention – 6 Months	4/1/03 through 3/31/04	
Earnings Replacement in 6 Months	4/1/03 through 3/31/04	
Employment + Credential	10/1/03 through 9/30/04	
OLDER YOUTH		
Entered Employment	10/1/03 through 9/30/04	\$21,000
Employment Retention – 6 Months	4/1/03 through 3/31/04	
Earnings Change in 6 Months	4/1/03 through 3/31/04	
Credential Rate	10/1/03 through 9/30/04	
YOUNGER YOUTH		
Skill Attainment Rate	4/1/04 through 3/31/05	\$21,000
Diploma/Equivalent Attainment Rate <sup>3</sup>	4/1/04 through 3/31/05	
Retention Rate	4/1/04 through 3/31/05	
CUSTOMER SATISFACTION		
Employers	01/01/04 through 12/31/04	\$21,000*
Exiters	01/01/04 through 12/31/04	
30% TOTAL STATE ALLOCATION – METHOD I		\$105,000
(*Held in state reserve for LWIA assistance.)		
FORMULA FOR DETERMINING INCENTIVE AWARD FOR A PERFORMANCE CATEGORY:		
Step 1:		
All outcomes in a performance category must be <i>met</i> (between 80% and 100% of negotiated level) in order to receive awards consideration for the performance category.		
Step 2:		
$\frac{\text{No. of Perform. Measures Exceeded in a Perform. Category}}{\text{No. of Measures in a Performance Category}} \times \$21,000 \times \% \text{ Method I Adjusted Formula Cap for an LWIA}$		

# **PY 2004 PERFORMANCE MEASURE / METHOD I INCENTIVE AWARDS**

02/28/06

ATTACHMENT II - WIA G.L. #02-06	NM = Not Met			M = Met (Achieved Between 80% and 100% of negotiated level)					E = Achieved above 100% of Negotiated Level						
Local Workforce Investment Area	Apache	Cochise	Coconino	Gila/Pinal	Graham	Greenlee	Maricopa	Mo/Paz	Navajo	Phoenix	Pima	Santa Cruz	Yavapai	Yuma	Tribal
Adjusted Cap %	3.00%	3.32%	3.00%	4.52%	3.00%	3.00%	11.01%	3.00%	3.00%	17.17%	10.40%	3.00%	3.00%	16.57%	5.31%
Adult Measures															
Amount Available in Adult: \$ 21,000															
Amount Available to Local Area:	\$630.00	\$697.20	\$630.00	\$949.20	\$630.00	\$630.00	\$2,312.10	\$630.00	\$630.00	\$3,605.70	\$2,184.00	\$630.00	\$630.00	\$3,479.70	\$1,115.10
Adult Entered Employment	M	E	E	E	E	M	E	E	E	E	M	E	E	E	M
Adult Retention	E	E	E	E	E	E	E	M	M	M	E	E	E	E	E
Adult Earnings Gain	NM	E	E	E	E	E	E	E	M	E	E	E	E	E	E
Adult Emp. & Credential	E	M	E	E	E	M	E	E	E	E	M	E	E	E	M
Total Adult Measures Exceeded	2	3	4	4	4	2	4	3	2	3	2	4	4	4	2
Total Dollars Earned for Category	\$0.00	\$522.90	\$630.00	\$949.20	\$630.00	\$315.00	\$2,312.10	\$472.50	\$315.00	\$2,704.28	\$1,092.00	\$630.00	\$630.00	\$3,479.70	\$557.55
Older Youth															
Amount Available in Older Youth: \$ 21,000															
Amount Available to Local Area:	\$630.00	\$697.20	\$630.00	\$949.20	\$630.00	\$630.00	\$2,312.10	\$630.00	\$630.00	\$3,605.70	\$2,184.00	\$630.00	\$630.00	\$3,479.70	\$1,115.10
Older Youth Entered Employment	E	E	M	E	E	NM	E	M	E	E	E	E	NM	M	NM
Older Youth Retention	E	M	NM	E	E	E	M	E	NM	M	M	E	E	E	E
Older Youth Earnings Gain	NM	E	E	E	E	E	E	E	E	E	E	E	NM	E	E
Older Youth Credential	E	M	E	E	E	NM	E	NM	E	E	E	E	E	E	NM
Total Older Youth Measures Exceeded	3	2	2	4	4	2	3	2	3	3	3	4	2	3	2
Total Dollars Earned for Category	\$0.00	\$348.60	\$0.00	\$949.20	\$630.00	\$0.00	\$1,734.08	\$0.00	\$0.00	\$2,704.28	\$1,638.00	\$630.00	\$0.00	\$2,609.78	\$0.00
Younger Youth															
Amount Available in Younger Youth: \$ 21,000															
Amount Available to Local Area:	\$630.00	\$697.20	\$630.00	\$949.20	\$630.00	\$630.00	\$2,312.10	\$630.00	\$630.00	\$3,605.70	\$2,184.00	\$630.00	\$630.00	\$3,479.70	\$1,115.10
Younger Youth Goal Attainment	E	E	M	E	E	E	E	E	M	E	E	E	E	E	M
Younger Youth Diploma/Equiv. Attain.	E	M	E	E	E	E	E	M	E	E	M	E	E	E	E
Younger Youth Retention	E	E	M	E	E	NM	M	E	E	E	M	E	E	E	NM
Total Younger Youth Measures Exceeded	3	2	1	3	3	2	2	2	2	3	1	3	3	3	1
Total Dollars Earned for Category	\$630.00	\$464.80	\$210.00	\$949.20	\$630.00	\$0.00	\$1,541.40	\$420.00	\$420.00	\$3,605.70	\$728.00	\$630.00	\$630.00	\$3,479.70	\$0.00
Dislocated Worker															
Amount Available in Dislocated Worker: \$ 21,000															
Amount Available to Local Area:	\$630.00	\$697.20	\$630.00	\$949.20	\$630.00	\$630.00	\$2,312.10	\$630.00	\$630.00	\$3,605.70	\$2,184.00	\$630.00	\$630.00	\$3,479.70	\$1,115.10
Dislocated Wkr Entered Employment	M	E	M	M	M	M	M	M	M	M	M	M	E	M	E
Dislocated Wkr Retention	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
Dislocated Wkr Earnings Replacement	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
Dislocated Wkr Employment & Credential	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
Total Dislocated Worker Measures Exceeded	3	4	3	3	3	3	3	3	3	3	3	3	4	3	4
Total Dollars Earned for Category	\$472.50	\$697.20	\$472.50	\$711.90	\$472.50	\$472.50	\$1,734.08	\$472.50	\$472.50	\$2,704.28	\$1,638.00	\$472.50	\$630.00	\$2,609.78	\$1,115.10
Total of 15 Performance Measures Exceeded															
	11	11	10	14	14	9	12	10	10	12	9	14	13	13	9
TOTAL METHOD I INCENTIVE AWARD															
	\$1,103	\$2,034	\$1,313	\$3,560	\$2,363	\$788	\$7,322	\$1,365	\$1,208	\$11,719	\$5,096	\$2,363	\$1,890	\$12,179	\$1,673

- 1) Multiply **Adjusted Cap %** by the **Amount Available** for each category (\$21,000) to get the **Amount Available to Local Area** for that category.
- 2) If any of the measures in a category are **Not Met (NM)**, no incentive is awarded for that category (**Total Dollars Earned for Category** = \$0.00).
- 3) **Total Dollars Earned For Category** =  $\frac{\text{Total Measures Exceeded (E)}}{\text{the number of measures in that category}} \times \text{Amount Available to Local Area}$
- 4) **Total Method I Incentive Award** equals the sum of **Total Dollars Earned** in all four categories.

## **ARIZONA INCENTIVE APPLICATION**

### ***Method II – Successful Practices***

**PURPOSE:** The Method II – Successful Practices Incentive Award is specifically intended to encourage creative collaborations and coordination efforts among LWIBs and One-Stop system partners throughout the state that will result in a re-orientation of programs toward demand driven *long-term* plans to broaden the One-Stop customer base and enhance service delivery.

#### **EXPECTED OUTCOMES OF METHOD II COLLABORATION EFFORTS:**

- ◆ Organizational models which improve the efficiency and effectiveness of delivering demand driven workforce development services in response to regional and local economies and emerging trends.
- ◆ Identification of new and redirected resources to enhance the effectiveness of regional or local systems.
- ◆ Effective service delivery through integration of existing partnerships in economic development, employment and training services, welfare reform, and school reform into collaborative partnerships and processes consistent with the goals of Arizona's One-Stop Career Center system.
- ◆ Building a single system out of a number of employment and training programs that currently have a parallel existence and which could be channeled to effectively address shared objectives, regionally or locally.

#### **PART I: INSTRUCTIONS**

**This application applies to PY 2004 (7/1/04 – 6/30/05). The Incentive Policy and this application will be reviewed annually and are subject to revision based on previous years' experiences.**

#### **PLEASE READ**

- All Local Workforce Investment Boards in the state are eligible to apply for Method II funds.
- LWIBs may collaborate and submit a joint application; however, each LWIB must submit separately, even though the applications will be duplicated.

#### **FORMAT REQUIREMENTS**

**5 points will be deducted for each format requirement not met**

- The application must include an Executive Summary.
- Application must be typed using a font size of at least 12 points.
- Application must be doubled-spaced.
- Application must have one-inch margins.
- Application must be no more than **15 pages**
- Attachments will count toward the 15 page total.
- All responses to questions in the application must be labeled according to the format provided herein.
- Application must be submitted to the Arizona Department of Economic Security, Employment Administration, Workforce Investment Act (WIA) Section **by close of business (5:00 p.m.) Monday, April 17, 2006. Applications submitted after the deadline will not be accepted.**
- Please e-mail completed applications to: [wgadzia@azdes.gov](mailto:wgadzia@azdes.gov).

## **PART II: SCORING**

- A. Scoring Process: Each Method II – Successful Practices Awards Application will be screened by state staff to ensure that it meets eligibility requirements **and that the application falls within the format specifications (See page 1, Part I “Instructions”).** Staff will then score each application.
- B. Scoring Method: The following two-tiered evaluation method will be used to score the Successful Practices Application.

Tier I: **An application must receive at least 71 points to be considered for an incentive award.**

Tier II: Once an application has met the criteria in Tier I, incentive funds will be awarded based on the amount of points received from Category 4 – Focus on Results. The percentage of allocation will be calculated based on the amount of points received in Category 4 divided by the total points in Category 4. For example, a score of 25 points is received in Category 4 divided by the total points available (30 points) equals 83.3% of the award.

## **PART III: APPLICATION FOR INCENTIVE GRANT**

**Answer *all* questions in each of the four categories.**

The proposal will be reviewed based on the following **four categories:**

### **Category 1 – Purpose and Activities (25 points)**

Effective initiatives have a clear and well-understood purpose, a coherent component set, and well organized activities to attain results. Describe the initiative by answering the following questions:

- A. **Mission** (15 pts) - The initiative should present a clear and consistent mission.
1. Describe the process used to identify the initiative. What made this initiative important to your region/local area?
  2. Who was involved in developing the initiative/process? How has your initiative/process evolved based on partner/regional input?
  3. What were/is the specific purpose or outcome desired from the initiative?
  4. Explain how focusing on providing better customer service influenced the development of the initiative?
- B. **Activities** (10 pts.) – The initiative’s mission should be in alignment with the mission of the local boards and other key stakeholders in the community.
1. Describe the activities the local boards, One-Stop partners, and other stakeholders engaged in as part of the initiative. How do these activities support the mission of the initiative?

**Category 2 – Organizational and Management (25 points)**

Effective initiatives are well managed, promote collaboration, and follow continuous improvement principles. Provide a description of the initiative by answering the following questions:

- A. Leadership (5 pts.)** – The initiative should encourage continuous and competent leadership at the board and staff level.
1. Attach a list of the regional collaborators, One-Stop staff, Local Board(s) and other partners involved in the initiative (Include name, title, and affiliation.).
  2. What does your initiative do to ensure that your board demonstrates leadership and appropriate oversight of the process?
  3. Describe the process for involving appropriate staff in the initiative. How did these activities contribute to the achievement of the initiative goals?
- B. Collaboration (5 pts.)** – The initiative should encourage community synergy through collaboration.
1. Describe the types of collaborative linkages developed to support the regional or local coordination initiative.
  2. How will the specific purposes of the collaboration serve to advance the workforce development system?
- C. Continuous Improvement (10 pts.)** – The initiative demonstrates a knowledge of and use of continuous improvement processes.
1. Describe the management practices you employed in this initiative that demonstrate continuous improvement.
  2. How was the collected data used to assess the initiative for continuous improvement purposes? How will this information be used to sustain or adapt the initiative to support regional collaborative or local coordination efforts?
- D. Resources (5 pts.)** – An initiative following continuous improvement principles will facilitate the attraction of additional resources.
1. What types of financial (cash) and non-financial (in-kind) support did you obtain for the initiative and from what sources?
  2. How did you pool these resources to meet the objectives of the initiative?



**Category 3 – Workforce Development/System Change (20 points)**

**A. Partner Awareness, Strategic Planning and System Readiness (5 pts.)**

1. How did the initiative nurture an increased awareness of regional/local workforce development issues?
2. Describe how strategic planning principles were used in the formation of the initiative's goals?

**B. Private Sector Engagement (15 pts.)**

1. How did the local board recruit private sector representatives for the effort?
2. Describe how the private sector was involved and participated in the initiative.
3. How will the private sector continue to be involved in the initiative?

**Category 4 – Focus on Results (30 points)**

**A. Outcome Data (10 pts.) – Establish obtainable goals and measurable (quantitative) objectives that reflect the result of the initiative.**

1. How does the initiative define success?
2. How does the initiative measure results?

**B. Accomplishments (10 pts.)**

1. What objective and quantifiable results has your initiative produced?
2. Are there outcomes you believe you produce, but are not able to measure? Please describe.

**C. Future Impacts (10 pts.) – The initiative should build upon each of its successes, incorporate best practices, and eliminate processes that are inefficient and/or ineffective.**

1. What types of benefits might this initiative have on Title IB or partner performance measures in the future?
2. What changes did you make in the local workforce area (policies, procedures, relationships, activities, etc.) as a result of participation in this initiative?
3. What are some of the positive impacts on local or regional workforce programs that may result from this initiative?

#### **PART IV: APPEALS PROCESS FOR METHOD II - INCENTIVE GRANT AWARDS**

It is the policy of the DES Employment Administration/WIA Section to assure equal, impartial selection of awardees for Method II incentive funds, based on the scoring methodology established in this application. The following procedure must be followed should a Local Workforce Investment Area (LWIA) wish to appeal a WDA award decision:

- A. Within fifteen (15) working days of receipt of an award decision, the LWIA must submit, in writing, an appeal which includes:
  - The category number, category title, and section within the category that is being appealed.
  - Reason(s) for the appeal, signed by the LWIB Chairperson and the WIA Program Director.
- B. The LWIA shall submit two (2) ORIGINALS of the completed and signed appeal to the Arizona Department of Economic Security, 1789 W. Jefferson, Site Code 920Z, Phoenix, AZ 85007, Attn: Mr. William Gadzia, Employment Administration – WIA Section. The LWIA shall also submit an electronic copy of the completed appeal to [wgadzia@azdes.gov](mailto:wgadzia@azdes.gov) via email.
- C. Within 45 working days of receipt of the appeal, the state Interagency Team will review the appeal, the original Method II application submitted by the LWIA, and the score sheets used to evaluate the application, and forward a response to the LWIA. *If applicable*, the response will detail any changes in the score and/or the amount of incentive funds awarded to the LWIA. The decision of the Interagency Team is final.